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10/3/42
On Rewald's bail

Re Sandra J. Parks letter to the editor concerning the bail set for Ronald Rewald "being outrageous compared to the bail of other offenders who have committed violent crimes."

This may appear true but had she been one of the investors I am sure she would also be most grateful to the judge. We also feel that without the high bail Rewald would be long gone and again living in luxury, immune from our laws.

We were duped out of my husband's entire, hard and honestly earned retirement fund—less than \$45,000.

This amount would hardly qualify us as "people of wealth." However, we are grateful we still have our health and hopefully enough years left to recoup enough so we will not need welfare and food stamps in our old age.

ANN HADLEY

Attorney Appointed for Rewald

10/5/83
By Lee Catteroll
Star-Bulletin Writer

Samuel P. King Jr., the son of Hawaii's senior federal judge, was appointed by a state judge today to be Ronald Rewald's criminal attorney.

King said he and Circuit Judge Robert W.B. Chang "mutually met" on Monday about the possibility of King representing Rewald, "and I told him I'd be willing to take it."

"I didn't ask for it," King said. "Poor old Judge Chang has got to find somebody."

Chang announced King's appointment at the end of a hearing in which law partners Brook Hart and Peter Wolfe were allowed to withdraw as Rewald's attorneys, and public defender Barry Rubin shunned the case.

HART SAID HE and Wolfe have not been paid for their work so far on the case and Hart pointed out that Rewald's assets are frozen by federal court order, preventing future payments.

Rubin told Chang that Rewald does not qualify to have a public defender because of those assets and the possibility that they someday may be accessible to Rewald.

Rewald faces two counts of theft in connection with his involvement in the investment firm of Rewald, Bishop, Baldwin, Dillingham and Wong.

Federal Judge Martin Pence has frozen the assets of both Rewald and the investment firm, which has been declared bankrupt.

Hart had said that his three-lawyer office has too little time to devote to the complexities of Rewald's criminal case. He and his two associates would not be able to "function as effective lawyers" in other cases, Hart told Chang.

HART SAID HE was surprised when Chang announced that King would be asked to be Rewald's lawyer.

It was "the very first moment I've heard of his name in connection with this matter," Hart said. "I think it's fair and sensible and the right decision."

Under court rules, King may receive no more than \$6,000 for presenting a defense for Rewald against the two theft charges.

King, 36, has been practicing law nine years. He said he conducts a one-man law practice and has been accepting appointments by judges to represent other criminal defendants.

King said he is a defense attorney in a container investment case in state court, and that Rewald's case is "very similar."

Asked how he would be able to handle the Rewald case in addition to other cases, when Hart said it would bankrupt his three-lawyer firm, King said he would try to cut through the complexities of the case and present a relatively simple case.

paper," a
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'Pusilla, Pusilla,'
you notice . . ."
A smiling Dr. Aquino
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sponse.

Judge King's son will defend Rewald

By Ken Kobayashi
Advertiser Courts Writer

Honolulu attorney Samuel P. King Jr. yesterday rescued lawyer Brook Hart and the state public defender's office from defending Ronald Rewald against theft charges.

King, 36, son of federal Judge Samuel P. King, was appointed by Circuit Judge Robert Won Bae Chang to defend Rewald after Hart and state public defender Barry Rubin indicated they didn't want the job.

Hart said handling such a complicated case would bankrupt his three-lawyer firm. Rubin said the case would have a "crippling" effect on his already overworked staff of more than 30 attorneys.

"Poor Judge Chang has to find somebody," said King, a sole practitioner who has taken other court-appointed criminal cases. He said he talked to Chang earlier about the possibility of being appointed to the Rewald case.

Hart and his partner, Peter Wolff Jr., represented Rewald in the initial stages of the theft case, but asked to pull out after federal court orders froze Rewald's assets. "He cannot even buy a pack of gum," Hart said.

Hart said the maximum \$6,000 amount set by law for court-appointed attorneys in such theft cases would not be enough compensation for a trial that could take five months.

Rubin yesterday told Chang his office does not believe Rewald is an "indigent" qualifying for a public defender. Rubin said the federal court orders are temporary and could possibly be lifted someday.

King said he has handled a similar case, the so-called container scam which also involved allegations that investors lost their money by being duped.

"I'll just handle it like any other case," he added.

Belli plans to sue CIA in Rewald case

San Francisco attorney Melvin Belli plans to file a \$10 million lawsuit against the Central Intelligence Agency in connection with the Ronald Rewald investment operation here, Belli's office said yesterday.

"Our client had about \$300,000 invested and was told by certain principals that the security of the investment was not something he should be concerned about because the operation was CIA-connected," said attorney Dennis Lods of Belli's office.

"It was as if the strength of the U.S.

government was behind the company," Lods said.

Lods said published information indicates that the CIA at least maintained mail drops through fronts associated with Rewald's investment firm — Bishop, Baldwin, Rewald, Dillingham and Wong.

"We will allege that the CIA assisted in the operation of the firm in order to maintain that type of mail drop operation," and that the company's credibility was increased as a result, Lods said.

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Assets proposal for Rewald

Ponies, cars and home would be sold

By Walter Wright
Advertiser Staff Writer

The remains of Ronald Rewald's crumbling empire — including a score of polo ponies, a brace of luxury cars and a sumptuous waterfront home — could be sold off by Christmas under terms of a proposal awaiting Rewald's signature today.

The embattled investment counselor, in prison facing two theft charges in connection with the collapse of his Honolulu firm, is being asked to allow a bankruptcy trustee sell off assets Rewald claims as his own.

Some items, such as some license plate holders made of koa wood, may even bring a premium price because of their souvenir value.

Any fight over the proceeds would be deferred until later.

In return, bankruptcy administrative controller Tom Hayes has agreed to pay the premiums on Rewald's \$6,250,000 life insurance policies for six months, at a cost of about \$23,000.

"I looked at the costs of going to court and getting title to all these things, and I figured it would be a lot cheaper to pay Rewald's insurance premiums in return for his agreement that we can sell the assets and fight later about who gets the money," Hayes said.

Rewald's company — Bishop, Baldwin, Rewald, Dillingham and Wong — closed its doors Aug. 1. Over a period of more than a year, it had received an estimated \$12 million from 400 investors.

U.S. District Court Judge Martin Pence has said it appears that Rewald was running a grant "Ponzi scheme," paying off old investors with money from new ones.

Rewald's attorney, Robert Smith said he expected to take a copy of the agreement to sell off assets to Rewald today for his signature.

Proceeds from the sale of assets would be placed in an interest-bearing account until all disputes over ownership are resolved. The principal benefit to either side is to eliminate the "carrying costs" of what is left of Rewald's empire.

Mortgage payments on Rewald's home on Kalanianaʻole Highway in Kuliouou are running more than \$10,000 a month, and it is costing \$60 to \$250 a month to stable each of the polo ponies, the bankruptcy trustee's office said.

Hayes has taken the position that most of Rewald's personal possessions actually belong to the company because, Hayes says, the company paid for them.

Rewald has argued that at least part of his personal assets were paid for out of his own pocket.

Hayes said, if there were good reason to delay sale of any particular item — such as a significant appreciation in value over and above carrying costs — he would do so.

The proposed agreement would also allow the trustee to pursue claims Rewald may have against other parties for loans and other receivables. Court documents indicate Rewald or his wife, Nancy

claim to have notes on loans ranging from \$5,000 to \$137,000. The agreement would also require approval by Mrs. Rewald, who is now living in Wisconsin with their five children.

Hayes has estimated the value of all of the assets claimed by the company at \$1.5 million to \$2 million.

Hayes said he would be able to dispose of interests in two ranches, the company's office furnishings and fixtures, and residential furnishings from the Rewald home under the terms of the agreement.

He said he also hoped to dispose of two boats Ron Rewald purchased in Hawaii — a 38-foot motor cruiser, the Nancy, and a small water-ski boat moored in Hawaii Kai.

Hayes also is trying to sell an interest in a "grass-shack raft" vessel in Tahiti which was purchased from Donn Beach and to collect funds on deposit in bank accounts held by some of the company's foreign offices. The most significant of these is \$10,000 or so in an account in Taiwan, he said.

Hayes started as interim trustee in the case and is managing the estate now as administrative controller under permanent bankruptcy trustee Reynaldo Gaulty.

He said he is also working on a determination of the estate's interest in Motorcars Hawaii and is closing down two sporting goods stores owned by the company.

"We are walking away from an apartment that was being purchased in the Mauna Luan complex

in Hawaii Kai," Hayes said, "because it was a nothing-down \$140,000 agreement of sale, and it has been appraised at \$132,000 after 15 months of \$1,300 monthly payments."

Hayes also is trying to wind-up the affairs of the Hawaii Polo Club, which Rewald purchased.

After all disputes as to rights to the proceeds are settled, the trustee could distribute any remaining proceeds to investors and other creditors.

Hayes indicated earlier that the estate creditors might well seek the proceeds of the insurance policies, if Rewald were to die while they were in force, on grounds that the premiums have been paid with company funds in the past.

Rewald attempted suicide July 29 after watching a television news report that said state officials were raising questions about his firm's operation.

Asked who would collect the insurance payment if Rewald died in the next six months, Hayes said yesterday: "That is a battle which may never be fought. Mr. Rewald is in good health today, and I hope he will remain so. In six months, the policies will lapse (unless Rewald pays for them himself)."

One of the insurance companies, Sovereign Life Insurance Co. of California, has filed suit attempting to void its two policies, with face values totaling \$3 million. The company alleges that Rewald obtained the policies under false pretenses.